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U.S.-Canada trade barriers could ease, CIA aide says

By Chris Cobler
GT Staff Writer

President Reagan and Canadian Prime Minister Brian Mulroney are planning to discuss the elimination of trade barriers between their countries, but will not say that is what they are doing, a CIA expert on Canada predicted Thursday in Colorado Springs.

"I think you'll see language in the communique of Quebec City about trade-enhancement measures," the expert, Willis Armstrong, told the World Affairs Council at the Broadmoor Hotel. "But I do not think you'll see the words 'free trade.'"

The movement toward free trade is expected to be high on the agenda of Mulroney's March 17-18 meeting with Reagan in Quebec City.

However, free trade with the United States can be a highly charged issue in Canada, Armstrong said.

"Canadian businessmen want assured access to American markets, but the same access of Americans to the Canadian market kind of scares them," Armstrong said.

Thus the Canadian govern-



Willis C. Armstrong

ment is avoiding the "free trade" label, he said.

Canada has strong incentives to reduce trade barriers, Armstrong said. Most experts agree the best chance for Canadian economic growth is in the United States, he said.

Canada needs that growth to combat its budget deficit and its high unemployment rate, he said.

"If you look at the problems

faced by Canada, they're not easy," Armstrong said. "Canada has a budget deficit which in relative terms is worse than ours."

Mulroney is expected to decide in June whether to begin bargaining with the Americans. If he decides to bargain, Armstrong said, it could take years to work out the details.

On other matters, the relationship between the United States and Canada remains, as usual, "relatively good," he said.

Mulroney's Conservative Party swept the country in the September 1984 elections, moving Canada even closer to the political leanings of the Reagan administration, he said.

Mulroney would like to cut social-welfare payments and increase defense spending, but he faces the same problem as Reagan when faced by a budget deficit.

"They don't have any more mirrors in Canada than we do here," he said.

But Mulroney was elected partly on the promise of improved relations with the United States.